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SUBCOMMITTEE ON TRADE

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

SUMMARY OF RECOMMENDATIONS FOR LEGISLATION IMPLEMENTING THE MULTILATERAL TRADE NEGOTIATIONS

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Chairman Charles A. Vanik, Subcommittee on Trade, Committee on Ways and Means, announced that the Subcommittee on Trade has concluded consultations with the Administration on legislation to implement the results of the Multilateral Trade Negotiations, and has tentatively agreed on recommendations described below on legislation necessary to implement those negotiations. This summary incorporates the decisions announced to date.

The Subcommittee on Trade of the Committee on Ways and Means has jurisdiction over the Multilateral Trade Negotiations under Title I of the Trade Act of 1974. In addition to members of the Subcommittee on Trade, members of other House Committees having jurisdiction over portions of the legislation to implement certain of the international codes or, having a strong interest in the overall results of the negotiations also participated in the consultations which were closed to the public due to the subject matters being discussed. With respect to the implementing legislation the Subcommittee on Trade reached the following tentative conclusions:

DECISIONS RELATING TO ANTIDUMPING

Price Comparisons and Constructed Value

The Subcommittee agreed that when price comparisons cannot be made with products sold in the exporter's home market, the Secretary would be permitted to use either price comparisons with products sold by the exporter in third country markets or constructed value.

The Subcommittee agreed that in determining "constructed value" the Secretary would construct the value of the inputs of a product subject to an antidumping investigation if such inputs are dumped or subsidized in the exporter's home market.

The Subcommittee decided that changes in the Antidumping Act other than the changes previously agreed to which reflect changes proposed in the International Antidumping Code should not be included in the MTN implementing legislation. The Subcommittee further decided that it would undertake a hearing in the near future on Administration proposals and other proposals to conform definitions of less than fair value sales to the new valuation statute and to other amendments to other provisions such as related party transactions and trade with nonmarket economies.

Adjustments to Foreign Market Value

The statute will reflect that circumstances of sale for which adjustments could be made would include, but would not be limited to, differences in credit terms, guarantees, warranties, technical assistance, servicing, assumption by seller of purchaser's advertising, or seller's costs and commissions which bear a direct relationship to the sales under consideration.

The Subcommittee agreed that the Secretary could use sampling techniques or averaging to compare U.S. foreign market values when a significant volume of sales or a significant number of adjustments are required. Adjustments relating to operations of exporters of insignificant quantities of dumped products would not delay appraisements. Insignificant adjustments (the term "insignificant" will be defined in the legislative history) could be ignored at the Secretary's discretion.

Injury

The Subcommittee decided that for purposes of the Antidumping Act, injury, in conformity with the Code will be material injury and defined as a harm which is more than frivolous, insignificant, inconsequential, or immaterial. Generally, the language will reflect that the standard of injury under the Act will be the same as that enunciated in the Senate Report on the Trade Act of 1974. With regard to injury criteria, the Subcommittee agreed that the Code criteria relating to the volume of dumped imports and their effect on prices and the consequent impact of such imports on domestic industry should be included in the statute.

Causality

The statute will reflect that injury must be "by reason of" sales below foreign market value and that the petitioner will not carry the burden of proving the negative, i.e., that other factors unrelated to the dumped imports are not the cause of injury. The report language will include a list of such other factors contained in the Code, and will make clear that the Commission is not required to weigh injury by reason of dumped imports against such other factors.

The effects of less than foreign market value imports shall be assessed in relation to domestic production of like product, and there shall, to the extent permitted by available data, be separate identification of such production, in terms of such criteria as production process, producer's realization, and profits where a firm produces other merchandise as well.

Definition of Domestic Industry

The Subcommittee agreed to include in the statute the Code definition of domestic industry, including the Code language with respect to regional markets.

Suspension of Investigations

The Subcommittee agreed that investigations may be suspended upon acceptance of an undertaking by exporters, representing substantially all of the dumped imports to cease exporting the dumped product within 6 months or to revise their prices so as to eliminate the margin of dumping or, in extraordinary circumstances, the injurious effect of the importation of the dumped merchandise. An affirmative preliminary determination of LTFV sales must be made on or before the date on which an undertaking is accepted.

It was further agreed that the legislative report language would indicate that the phrase "substantially all of the dumped imports" would mean no less than 85% of all dumped imports. Furthermore, the Customs Service would be required to monitor such imports carefully to be certain that substantially all of the dumped imports continue to be exported by exporters party to the undertaking and that the undertakings are not violated. Intentional violations by importers of the terms of the assurance would be regarded as acts of civil or criminal fraud against the U.S.

The statute would also provide that undertakings which eliminate only the injurious effect of the dumped imports must:

1) prevent suppression or undercutting of domestic price levels, and

2) eliminate no less than 85% of the margin.

"Extraordinary circumstances" exist when suspension of an investigation will be more beneficial to the domestic industry affected than continuing an investigation and the investigation is complex, i.e., there are a large number of exporters involved or the issues raised are novel or complex.

Any undertaking to eliminate the injurious effect of the dumped imports is reviewable by the ITC upon request of a party to the investigation made within 30 days of the date of acceptance of the undertaking. Within 75 days the ITC will determine whether the undertaking will eliminate the injurious effect. If the injurious effect has not been eliminated, the investigation will resume.

Provisional Measures

The Subcommittee agreed that provisional measures could take the form of either cash deposits, bonds, or other securities, the face value of which is equal to the estimated dumping duty. If provisional measures take the form of bonds, the Customs Service will continue to exercise discretion in determining whether a single entry bond is necessary for purposes of securing the revenue. This latter provision will also apply with respect to the implementation of the Subsidies Code and supersedes the previous Subcommittee decision on this matter.

Retroactive Application of Duties

The Subcommittee agreed to adopt the Code language which permits retroactive imposition of dumping duties on imports entered not more than 90 days prior to the application of provisional measures if:

a) either there has been a history of dumping or the importer was or should have been aware that the exporter practices dumping which causes injury, and

b) injury is caused by massive imports in a relatively short period of time.

Timing of Procedures

The Subcommittee agreed to the following maximum time periods for administrative determinations in an antidumping investigation:

Treasury determination of indication of sales at less than foreign market value (LTFMV) (Investigation initiated)	Day 20
International Trade Commission determination of indication of injury	Day 45
Treasury preliminary LTFMV determination	
a) routine case	Day 170
b) complex case	Day 245
Treasury final determination	
a) routine case	Day 245
b) complex case	Day 320

International Trade Commission injury determination routine case:

a) affirmative preliminary LTFMV determination — Day 290

b) negative preliminary LTFMV determination — Day 320

complex case:

a) affirmative preliminary LTFMV determination — Day 365

b) negative preliminary LTFMV determination — Day 395

The Subcommittee further agreed that the statute should stipulate the conditions under which the Secretary could determine that a case is complex. It is the Committee's intention that complex cases would occur rarely.

The Subcommittee agreed that the Treasury shall designate a responsible individual to review the evidence available no more than 80 days after the initiation of the investigation so that Treasury can be advised whether a preliminary affirmative determination can properly be issued within 90 days of the initiation.

The absence of a need to investigate cost of production of exporters, the lack of cooperation of the exporters in supplying data, the written, irrevocable waivers by all interested parties of the need to verify data submitted by the exporters and of the need to review and comment on such data shall be taken into account in making the determination.

Revocation or Modification of a Dumping Finding

The Subcommittee agreed that except in unusual circumstances, requests for revocation of a finding will be acted on favorably only if sales below fair value have not occurred for at least 2 years. It is contemplated that "unusual circumstances" would encompass a situation in which a sudden, domestic shortage of the product occurs.

DECISIONS RELATING TO SUBSIDIES AND COUNTERVAILING DUTIES

Definition of Subsidy

The Subcommittee agreed that the statute should define the term bounty or grant to include, but not be limited to:

(a) the export subsidies listed in Annex A to the Subsidy/CVD Code; and

(b) the domestic subsidies set forth below when provided or mandated by governmental action to a specific enterprise or industry or group of enterprises or industries, whether publicly or privately owned, and whether paid or bestowed directly or indirectly on the manufacture, production or export of any class or kind of merchandise;

(i) the provision of capital, loans or loan guarantees on terms inconsistent with commercial considerations;*

*With regard to the provision of capital, "commercial considerations" shall mean consideration of whether at the time the capital is provided, the recipient is required, and can be expected within a reasonable period of time, to derive from its operations a reasonable rate of return on its invested capital.

(ii) the provision of goods or services at preferential rates;

(iii) the grant of funds or forgiveness of debt to cover operating losses; and

(iv) the assumption of any costs or expenses of manufacture, production, or distribution.

The Subcommittee further agreed that Treasury should be directed, consistent with domestic legislation, to add to the list of subsidies by regulation. Other types of practices which are discovered and recommended as additions to the list of subsidies are to be approved by the Trade Policy Committee. This review should take place on an annual basis.

Definition of Net Subsidy

The Subcommittee agreed that the statute will provide that the amount of countervailing duty shall equal the net benefit received from the subsidy by the producer, manufacturer, or exporter of the merchandise. The net benefit received shall be determined from the best available evidence as to the gross benefit received less amounts necessarily and directly paid or incurred by the recipient of the benefit in the form of:

1. application fees, deposits and other direct payments made, or direct and verifiable costs actually assumed to qualify for or otherwise actually receive the benefit of the subsidy;

2. the loss in the value of a benefit, resulting from its deferred receipt, if such deferral is mandated by government order;

3. export taxes, duties or other charges actually levied on the export of the merchandise to the United States specifically intended to offset the subsidy received.

Definition of Injury

The Subcommittee decided that in conformity with the Code, the term "material injury" shall be used in the statute and shall be defined as a harm which is more than frivolous, insignificant, inconsequential or immaterial. Generally, the language will reflect that the standard of injury will be the same as that enunciated in the Senate Report on the Trade Act of 1974.

Injury Criteria

The Subcommittee agreed that the Code injury criteria (list of factors for determining impact on industry) should be incorporated in the domestic legislation but existence or lack thereof of any one factor should not control the determination.

The Subcommittee agreed that with respect to injury for agricultural products, the statutory criteria should be whether there has been an increased burden on government income or price support programs.

Causality

The Subcommittee agreed that the statute will reflect that injury must be "by reason of" subsidized imports and that the petitioner will not carry the burden of proving the negative, i.e., that other factors unrelated to the dumped imports are not the cause of injury. The report language will include a list of other factors contained in the Code, and will make clear that the Commission is not required to weigh injury by reason of subsidized imports against such other factors.

Provisional Measures

The Subcommittee agreed that provisional measures could take the form of cash deposits, bonds, or other securities, the face value of which is equal to the estimated amount of the net subsidy. If provisional measures take the form of bonds, the Customs Service will continue to exercise discretion in determining whether a single entry bond is necessary for purposes of securing the revenue.

Suspension of Investigation

The Subcommittee agreed that investigations may be suspended upon acceptance of an undertaking

by the exporting government:
1) to offset a net subsidy or to cease exporting the subsidized goods within six months,

2) to take "other measures" to remove the effects of the subsidy,

by the exporters representing substantially all of the subsidized imports to revise their prices so as to offset the net subsidy or, in extraordinary cases, the injurious effect of the importation of the subsidized merchandise.

An affirmative preliminary determination of subsidized imports must be made on or before the date on which an undertaking is accepted.

It was further agreed that the legislative report language would indicate that the phrase "substantially all of the subsidized imports" would mean no less than 85% of all subsidized imports. Furthermore, the Customs Service would be required to monitor such imports carefully to be certain that substantially all of the subsidized imports continue to be exported by exporters party to the undertaking and that the undertakings are not violated. Intentional violations by importers of the terms of the assurance would be regarded as acts of civil or criminal fraud against the U.S.

The statute would also provide that undertakings which eliminate only the injurious effect of the subsidized imports must

1) prevent suppression or undercutting of domestic price levels, and

2) eliminate no less than 85% of the net subsidy.

"Extraordinary circumstances" exist when suspension of an investigation will be more beneficial to the domestic industry affected than continuing an investigation and the investigation is complex, i.e., there are a large number of exporters involved or the issues raised are novel or complex.

Any undertaking to eliminate the injurious effect of the subsidized imports is reviewable by the ITC upon request of a party to the investigation made within 30 days of the date of acceptance of the undertaking. Within 75 days the ITC will determine whether the undertaking will eliminate the injurious effect. If the injurious effect has not been eliminated, the investigation will resume.

If undertakings accepted by the Secretary constitute measures other than price undertaking (i.e. quantities limitation) they would be subject to strict time limits as to their duration.

Time Period for Investigations

The Subcommittee agreed to reduce the time period for investigations from one year in present law to a total period of 215-335 days. The various phases of investigations would allow for the following maximum time periods:

Treasury determination of indication of subsidy	Day 20
International Trade Commission determination of indication of injury	Day 45
Treasury preliminary determination of subsidy	
a) simple case	Day 95
b) complex case	Day 185
Treasury final determination of subsidy	
a) simple case	Day 170
b) complex case	Day 260
International Trade Commission injury determination, simple case	
a) affirmative preliminary subsidy determination	Day 215
b) negative preliminary subsidy determination	Day 245
International Trade Commission injury determination, complex case	
a) affirmative preliminary subsidy determination	Day 305
b) negative preliminary subsidy determination	Day 335

Complex Case Procedures

The Subcommittee agreed that the Secretary of the Treasury could determine that a countervailing duty investigation is complex (thereby permitting up to 90 additional days to make a preliminary subsidy determination) only if certain criteria are met. The Subcommittee intends that such determinations will occur rarely.

Application to Signatories and Non-signatories

The Subcommittee agreed that the statute should provide that domestic procedures under the countervailing duty law (except with respect to injury) apply uniformly to signatories and non-signatories of the code.

DECISIONS RELATING BOTH TO ANTIDUMPING AND COUNTERVAILING DUTIES

Initiation of Investigation

The statute would provide that the Secretary may ~~s~~elf-initiate an investigation upon receipt of information reasonably indicating the existence of dumping and injury. It was further agreed that a petitioner shall not be required to supply more information than is reasonably available to it. Report language should reflect that the purpose of this provision is to ensure that petitions are not rejected, and petitioners not discouraged from filing a complaint, because of the petitioner's inability to provide information which is unreasonably difficult for him to obtain.

The Subcommittee agreed that the implementing bill should not require the petitioner to put up a bond or cash deposit as a prerequisite to filing an antidumping or countervailing duty petition.

When a petition is rejected, either the Secretary or the ITC would be required to notify the petitioner. Publication of such notice would be required only if the basis for the rejection will have a precedential value.

Imposition and Collection of Dumping Duties

The Subcommittee agreed that importers of merchandise subject to a dumping finding will be required to pay estimated dumping duties at the same time entry duties are paid. Final liquidation of entries subject to a dumping finding must be made no later than six months after the exporter and importer have satisfactorily supplied the information on which to base an assessment, but in no case more than 12 months after the end of the exporter's accounting year during which the entry was made.

Hearing Requirements

The Subcommittee agreed that hearings would be held, upon request, before the final determinations of the Treasury Department and the International Trade Commission. The hearing would not be subject to the "Administrative Procedure Act" and a hearing record would be required.

Verification of Submissions

Verification is required of all submissions and the means of verification is to be disclosed. If a submission cannot be verified or if a party fails to provide information in a timely and useable manner, a determination will be made on the basis of the best information available.

Confidentiality

The Subcommittee agreed that submissions may be given on a confidential basis, but nonconfidential summaries, available on request to any party, could be required. Parties must be kept informed of the progress of the investigation. Summary records of ex parte meetings with the administering agencies must be available to interested parties. Counsel for interested parties may seek access to confidential information submitted to the Treasury Department under an adminstrative or court protective order. Confidential information submitted to the International Trade Commission may not be disclosed without the consent of the person submitting the information.

Treasury Department - ITC Procedures

It was the consensus of the members that the Treasury Department should make available to the International Trade Commission all information developed in the course of countervailing duty and Antidumping investigations. The two agencies shall develop joint regulations regarding their procedures, including the protection of confidential information.

Transition Rules

In applying the amendments to the antidumping and countervailing duty laws made by the implementing bill to pending cases and investigations, the Subcommittee agreed to the following:

a) with respect to each case in which a countervailing duties waiver is in effect, the ITC would be required to conduct an injury test within 6 months of the effective date of the Code;

b) with respect to all other cases in which a countervailing duty order is in effect, and, in which an injury determination had not already been made, the ITC would conduct an injury review, upon request of a party in interest during the 3 year period beginning after enactment of the act, subject to the following:

1. the request must state the reasons why no injury is believed to exist.

2. the standard for review is whether there is a reasonable basis for concluding that there would have been injury or threat thereof if the duties had not been collected or whether there would be injury or threat of injury if the duties are removed.

3. the timing of the cases will depend on the ITC docket with waiver cases receiving priority.

4. pending review, duties will continue to be collected.

5. determinations for which there is no request for review within 3 years would be reviewable under the old law.

6. with respect to pending investigations under both the antidumping and countervailing duties laws, the new law will apply.

DECISIONS REGARDING JUDICIAL REVIEW

Antidumping and Countervailing Duties

The Subcommittee agreed to provide judicial review in the Customs Court of:

1) all determinations which have the effect of terminating a proceeding (including a determination to accept undertakings); and

2) a final affirmative determination by the Secretary of the Treasury or the ITC.

Previously the Subcommittee decided that administrative determinations would be upheld if supported by substantial evidence on the record. This standard of review will still apply except with respect to a determination not to initiate an investigation for which the standard will be whether the determination is arbitrary, capricious, an abuse of discretion or otherwise not in accordance with law.

Previously the Subcommittee decided that a party to the complaint may appeal a negative determination concerning initiation of an investigation and that an interested party to the proceedings which is adversely affected can appeal all other determinations. The Subcommittee agreed that "interested party" shall be defined to include:

a) any foreign manufacturer, producer or exporter or U.S. importer of the goods under investigation;

b) any domestic manufacturer, producer or wholesaler of like goods, or any trade association the members of which are composed of such parties; and

c) any trade union whose members produce like goods.

For purpose of review, the Subcommittee agreed that unless the parties otherwise stipulated, the record would consist of:

a) all information presented to the Secretary or the Commission during the course of the administrative proceeding;

b) all governmental memoranda presented to the Secretary or the Commission; and

c) a copy of the determination, including supporting reasons therefor, all transcripts or records of conferences or hearings and all notices published in the Federal Register.

With respect to the application of the new provisions on judicial review to pending cases, the Subcommittee agreed

a) that review procedures commenced prior to the effective date of the new provisions, at either the administrative or judicial level, shall be conducted in accordance with existing law;

b) that assessments made after the effective date of the new provisions would be reviewable under the new provisions (except that where the challenge is not to the assessment but to the underlying agency determination, existing law shall be applied);

c) that assessments made prior to the effective date of the new provisions would be reviewable under existing law.

Government Procurement

The Subcommittee previously decided to provide judicial review of Customs Service decisions regarding their certification of the "country of origin" of products covered by the Government Procurement Code.

The Subcommittee decided to specify the U.S. Customs Court as the court of jurisdiction on these matters, and limited the standing to only those parties in interest.

Valuation

The Subcommittee decided to provide conformity with the Code, in statutory language, in two procedural areas:

a) the importer will be granted the right, upon written request, to a written explanation from Customs as to how the Customs value for his goods was determined.

b) a protesting party will be provided with a written notice of verdict on appeal, which will also contain the reasons for the verdict.

The Subcommittee decided to expand the group of parties which would have standing to challenge the appraisal value, the classifcation, or the rate of duty of imports to include U.S. members of a labor organization or other association of workers whose members are employed in the manufacture, production, or wholesale in the U.S. of a like product.

DECISIONS RELATING TO CUSTOMS VALUATION

The Subcommittee decided to provide in statutory language a prohibition on any modification of the transaction value for imported merchandise because of a subsequent rebate.

The Subcommittee agreed to provide Committee report language expressing the interest of the Subcommittee in limiting the total amount of technical assistance given to the less developed countries which sign up to the Valuation Code.

The Subcommittee further agreed to require the Administration to provide a report to Congress on the operation of the Valuation Code after two years, with specific aspects of the Code given special attention, such as trade between related parties; the definition and application of "assists" and other terms and whether to place in the statute the explanatory notes to the Code.

The Subcommittee agreed to express in the legislative history a statement that the Congress expects the Administration to act vigorously in urging the Customs Cooperation Council (CCC) to fulfill its obligations under the Valuation Code in resolving technical disputes on customs practices, and that the CCC move towards replacing the Brussels Definition of Value (BDV) with the new code agreed to in the MTN.

Further, the Subcommittee agreed that, in all trade policy matters which arise under any of the MTN codes, the Office of the Special Trade Representative (STR) will continue to maintain its role of leadership in the Executive Branch, and coordinate departmental policy through the inter-agency review process.

American Selling Price (ASP)

Consistent with U.S. obligations negotiated under the MTN code on customs valuation, the Subcommittee agreed to the Administration's proposal to repeal the American Selling Price method of valuation for duty purposes under section 402 of the Tariff Act of 1930. The rates of duty converting ASP valuation into tariff equivalents as provided by the Administration will be included in the implementing bill, consistent with the section 102 nature of the agreement.

The Subcommittee also agreed to Administration requests to exceed the staging limits under section 109 of the Trade Act on certain ASP items to permit on January 1, 1980 full implementation of tariff cuts on chemicals identified in basket categories as not previously imported, and to exceed staging limits to implement tariff reductions in five years on dyes not currently traded. The Subcommittee also agreed to authorize the President to proclaim the reclassification of certain chemicals currently included in the competitive basket categories as actually noncompetitive items at lower rates of duty, based upon an ITC determination of such items to be provided to the President before January 1, 1980.

DECISIONS RELATING TO THE AGREEMENT ON GOVERNMENT PROCUREMENT

The Subcommittee agreed to provide language in the Committee report urging the Administration to act promptly to include service industries in the coverage of the Code well in advance of the

Code coverage re-negotiations which are scheduled to take place three years after the effective date of the Code, as provided in Part IX of the Code.

The Subcommittee agreed that the Administration's statement of Administrative Intent would emphasize their continued commitment to continue without limitation the labor-surplus set-aside program. The Committee report would reflect this concept as well.

The Subcommittee agreed to direct the Administration to prepare a study on the administration of the present U.S. "rules of origin," and report to Congress on suggested improvements and simplification of existing practice. The special problems which affect the U.S. insular possessions in this regard will be taken into account.

The Subcommittee decided to approve the following proposal on the President's authority to waive preferences--such as "Buy American" preferences--

1) For covered purchases (subject to exceptions, such as threshold level, national security, etc.):

a) Waiver of discriminatory purchasing requirements for countries which sign the Code and provide a reciprocal offer, <u>and</u> for those non-major industrial countries which provide reciprocity or apply the Code <u>de facto</u>. The Statement of Administrative Action will elaborate on what "providing reciprocity" entails for such countries.

b) Waiver of discriminatory purchasing requirements for least developed countries:

c) For major industrial countries which are non-signatories or whose application is not consented to by the U.S., pursuant to Part IX(9) of the Code (non-application of this Agreement between particular parties), <u>immediate</u> prohibition from bidding on Code-covered purchases.

d) For those countries not covered in any of the above categories, two years of the <u>status quo</u> (e.g., Buy American preferences) before the full prohibition on bidding begins. Prohibition can be waived by an agency head on a case-by-case basis on individual contracts when in the public interest and by the Secretary of Defense for Department of Defense purchases from countries that enter into a reciprocal procurement agreement with DOD.

2) For <u>all</u> non-covered purchases, retention of the <u>status quo</u> (e.g., the Buy American preferences), subject to possible Subcommittee amendment.

The Subcommittee agreed to direct the President to report to Congress within 6 months after the enactment of the MTN implementing legislation on the effects on the U.S. economy of the refusal of the developed countries to allow the Government Procurement Agreement to cover their entities that are principal purchasers of goods and equipment in basic product sectors.

The President would also be directed to seek more open and equitable market access abroad in subsequent renegotiations of the Agreement. If the renegotiations do not progress satisfactorily, the President shall so report to Congress. The implementing legislation will provide that the President may recommend legislation for the treatment of U.S. agencies not covered by the Agreement which may prohibit them from accepting bids that would result in the purchase of products made in such developed countries and which may deny the use of Federal funds and credits to facilitate other domestic purchases of such products. The Committee report would state that this authority in no way implies that the President would exercise this provision with respect to any particular U.S. agencies or any particular industry or product sector. The report would also emphasize that the President should be selective in his use of this authority and exercise it only in the overall national interest.

The Committee report will also refer to Section 301 of the Trade Act of 1974 as a vehicle for enforcing obligations undertaken by signatories to the Agreement, and also for addressing discriminatory acts or other unreasonable and unjustifiable restrictions against U.S. commerce.

DECISION RELATING TO STANDARDS

The Subcommittee approved language in the impementing legislation which would provide that the administering agency for trade policy shall enter into discussions or negotiations with foreign governments on establishing mutual arrangements for the acceptance of standards or related practice. In so doing, the administering agency will consult with the relevant Federal agencies.

The legislative history will then refer to a specific problem which involves uniform standards for required disclosure of proprietary data, and direct the STR to begin multilateral negotiations to protect the property value of such data submitted under each nation's environmental laws and regulations.

With respect to the extent to which the Federal Government will act in the area of state and private standards-related activities, the Subcommittee agreed that the implementing legislation will express the sense of Congress that no state agency or private person should engage in any standards related activity that creates unnecessary obstacles to the foreign commerce of the United States. It is expected that existing remedies under the law will allow the U.S. to fulfill its obligations to take "such reasonable measures as may be available" to ensure that local government bodies and non-governmental bodies within their territories comply with the Code.

DECISIONS RELATING TO IMPORT LICENSING

In the area of import licensing, the Subcommittee decided to grant the President discretionary authority to auction import licenses as applicable to sections 125, 203, 301 and 406 of the Trade Act of 1974; section 232 of the Trade Expansion Act; the Meat Import Act; the Trading with the Enemy Act; and section 204 of the Agricultural Act of 1956. This provision would operate prospectively.

The Subcommittee agreed that the auction authority provided by this bill should not apply to oil imports. The Subcommittee did agree that while the auctioning of licenses for oil imports may be meritorious, such an action should be addressed in the future by separate legislation.

The Subcommittee agreed to include in its report a statement urging the President to direct the Departments of Commerce and Labor to be given sufficient funds to complete the trade statistics collection improvement program required under section 608 of the Trade Act of 1974.

DECISIONS RELATING TO THE AGREEMENT ON TRADE IN CIVIL AIRCRAFT

The Subcommittee approved the concepts and text of the international agreement on trade in civil aircraft. Specifically, the Subcommittee agreed to:

1. Authorize in the implementing legislation elimination of tariffs on civil aircraft parts classified for customs purposes under certain Tariff Schedules of the United States (TSUS) headings for which tariffs existing on January 1, 1975 exceed 5 percent, on a most-favored-nation basis. Consistent with the Subcommittee's March 13 decision, U.S. tariffs will be eliminated only at such time other signatories have placed the agreement into force;

2. Authorize elimination of the 1974 Trade Act tariff reduction staging requirement with respect to products covered by the agreement,

3. Authorize amendment of section 466 of the Tariff Act of 1930 to eliminate the 50 percent duty applicable to foreign non-emergency repairs on civil aircraft;

4. Authorize amendment to the Buy America Act (41 U.S.C. 10; E.O. 10582 of 12/17/54) limiting government directed discrimination in civil aircraft procurement to ensure unrestricted procurement of aircraft by U.S. Government agencies, with respect to entities not covered by the Code on Government Procurement and for procurements of value less than the threshold value of that code; and

5. Authorize in the implementing bill domestic monitoring and dispute settlement procedures and a private sector civil aircraft advisory committee, consistent with the Subcommittee's April 6 decision regarding amendment of section 301 of the Trade Act of 1974.

DECISIONS RELATING TO WINE GALLON/PROOF GALLON METHOD OF IMPOSING TAX AND DUTY

Removal of wine gallon method

Present U.S. excise taxes and import duties on distilled spirits are assessed on either a "proof-gallon" or a "wine-gallon" basis. The tax and duty on domestically produced distilled spirits and bulk imports of spirits are imposed before bottling on a proof-gallon basis (i.e., at a 100-proof rate before the proof is reduced by the addition of water). However, bottled imported spirits are assessed on the wine-gallon method (based on the standard U.S. gallon of liquid measure) for spirits of under 100 proof. Since the tax and duty on imported bottled spirits are assessed after the spirits are bottled, such imported spirits that are of a lowerproof level (e.g., 80 or 86 proof) are subject to a higher tax or duty than are domestically produced or bulk imported spirits of the same proof.

The Subcommittee agreed to remove the wine-gallon method of assessing the excise tax and duty on distilled spirits. Excise taxes and import duties on all distilled spirits would then be assessed on a proof-gallon basis. The Subcommittee also agreed to maintain the existing wine-gallon margins of revenue protection on items for which reciprocal concessions have not been received from the primary suppliers by including in the implementing bill conversions of present rates of duty based on the wine-gallon method to rates reflecting equivalent revenues based on the proof-gallon method. These items are arrack, bitters, pisco, brandy valued under $9 per gallon, rum, tequila, and imitation brandy. A separate tariff category would be created for vodka from Poland and the U.S.S.R. at converted equivalent column 1 and column 2 rates of duty since only Finland has provided reciprocal concessions. Column 2 rates of duty on all distilled spirits items subject to the wine-gallon method would be converted to tariff equivalents and included in the implementing bill. The President would have authority to revert by proclamation to the present rates of duty based on the wine-gallon method, without requiring further Congressional approval under section 102, if adequate reciprocity is subsequently received.

Repeal of rectification excise taxes on distilled spirits

The Subcommittee agreed to repeal the following rectification taxes on distilled spirits: (a) the 30-cents proof-gallon tax under section 5021 of the Internal Revenue Code; (b) the $1.92 wine-gallon tax on cordials and liqueurs under section 5022; and (c) the 30-cents proof-gallon tax on brandies aged in wood less than two years at the time of first mixing or blending under section 5023.

Revised method of determining the tax on distilled spirits ("all-in-bond")

The Subcommittee agreed to adopt a revised "all-in-bond" method of determining the excise tax on distilled spirits. Presently, the excise tax of $10.50 per gallon is imposed on distilled spirits when withdrawn from bond or bonded premises, that is, before bottling. (The excise tax liability so determined may be adjusted later for bottling and production losses or other specified reasons, such as certain casualty losses.) Section 5202 of the Internal Revenue Code requires Treasury personnel to be assigned to distilled spirits premises to supervise the operations; and removal of spirits from the closed distillation system are to be controlled by Government locks or seals (or other devices as prescribed by the Secretary). Direct supervision is also required of the removal of spirits from bonded warehouses and of the bottling of spirits.

Under the "all-in-bond" method of determining the tax on distilled spirits, the tax would be imposed on products at their bottled proof as they leave the distilled spirits facility, rather than on the spirits before bottling. Under this method, the entire facility would be secured by means of surety bonds, so that the Government would be guaranteed payment of the tax if any spirits were removed without payment of the tax. Under this system, the Treasury Department would not be required to maintain continuous on-site inspectors to lock and unlock the various points of operation as they are presently required to do by law. However, Treasury authority for on-site inspection would continue.

<u>Presidential review and report on U.S. international trade in alcoholic beverages</u>

In addition to the above-mentioned actions, the Subcommittee agreed to require the President to review U.S. international trade in alcoholic beverages and to report the results of his review to the Congress by January 1, 1982. The review would include consideration of the degree of implementation of foreign concessions to the U.S. affecting alcoholic beverage exports. It would also cover other foreign barriers to U.S. alcoholic beverage exports. When the President determines that a concession has not been completely implemented or other barriers continue in effect, then the President would be required to adjust U.S. concessions to achieve an appropriate balance and to enter into negotiations to remove such barriers to U.S. alcoholic beverage exports. Such an adjustment of U.S. concessions could take the form of tariff increases to levels that reflect wine-gallon margins of revenue protection.

<u>Puerto Rico and Virgin Island excise tax revenues</u>

The Subcommittee agreed that the legislative history should state that Congress does not intend that elimination of the wine gallon method result in direct loss of revenue to the Puerto Rico and Virgin Island treasuries. If the President determines that Puerto Rico or the Virgin Islands incurs a loss of revenue beginning in 1980 from the rebate of excise taxes on rum and that elimination of the wine gallon method contributed importantly to the loss, then he should recommend that the Federal Budget for the following fiscal year, for payment to the government of Puerto Rico or the Virgin Islands, include an amount equal to 1) the amount such revenues rebated to Puerto Rico or the Virgin Islands in the particular year were less than such revenues in the preceding year plus 2) an amount equal to the rate of growth in the U.S. market for rum in the year concerned times revenues in the preceding year.

Upon expiration of the five years, the President would report to the Congress on the revenue experience during that period and if revenue loss has occurred or seems impending, the provision could be extended.

DECISION ON NONTARIFF BARRIER AGREEMENT AUTHORITY

The Subcommittee agreed to extend the authority of the President under section 102 of the Trade Act to enter into trade agreements with foreign countries to harmonize, reduce, or eliminate nontariff barriers an additional 10 years, until January 3, 1990, subject to Congressional approval and implementation under the Trade Act procedures.

The Subcommittee agreed to amend section 124 of the Trade Act to extend the President's authority under section 101 to reduce, continue, or increase duties to carry out trade agreements with foreign countries for an additional 10 years, not to cover more than 20 percent of total U.S. imports in any one calendar year. Section 101 authority, which expires on January 3, 1980, authorizes the President to reduce duties over 5% ad valorem by up to 60 percent, to eliminate duties of 5% ad valorem or below; and to increase duties to rates 50% above the Column 2 rate or to 20% ad valorem above the existing rate, whichever is higher. The authority would not apply to any items for which the effective date of implementing the first stage of duty reductions in the MTN has been deferred beyond January 1, 1980 (e.g., textiles, steel, chemicals). Pre-negotiation procedures under the Trade Act (e.g., hearings, ITC advice) would continue to apply, as well as the reservations of articles for other reasons under section 127.

DECISION RELATING TO IMPLEMENTATION OF CERTAIN TARIFF CHANGES

The Subcommittee agreed to provide authority requested by the Administration to exceed the limits on tariff reductions or increases under section 101 of the Trade Act, to modify column 2 rates of duty, and to exceed the staging limits under section 109 on certain specific items to be included in the implementing bill. For example, tariff reductions on imports from least-developed countries except on import-sensitive products, cuts on wrapper and filler tobacco, and most agricultural offers to the European Community would be implemented fully on January 1, 1980. Authority was provided to extend existing duty suspensions on raw wools and wool not finer than 46s for five years until June 30, 1985, duty-free treatment on agricultural and horticultural implements and parts on an "end-use" rather than "chief use" basis conditioned upon certain changes by Canada in its "made-in-Canada" program, and to simplify and reorganize the tariff nomenclature for watches and dinnerware, also involving changes in column 2 rates of duty. The Committee report will reflect the Adkministration's intention to implement the elimination of duty on certain horses as of January 1, 1980.

The Subcommittee agreed to provide the President with standby authority to reduce duty rates by more than 60% for certain articles on which the duty rate existing on January 1, 1975 was greater than 5%, provided that the Administration furnish the Committee with a list of all those items (and the amount by which the tariff reduction will exceed 60% for each item) for which this authority is needed.

UNFAIR TRADE PRACTICES-SECTION 301, TRADE ACT OF 1974

The Subcommittee agreed to accept the Senate Finance Committee's recommended provision regarding changes in section 301 (a), in order to clarify that services, whether or not associated with specific products, are to be protected under that section against unfair trade practices.

The last sentence of section 301(a) would be amended to read: "For purposes of this subsection, the term 'commerce' includes services associated with international trade whether or not the trade is related to specific products."

In the Committee report, language would be included to clarify that, when it originally proposed the existing language of section 301, the Committee intended "service" to mean all services associated with international trade and not just those services linked with the trade of particular products. The report language also should clarify that the Committee intended "services" to be defined as including broadcasting services.

The Subcommittee agreed to retain existing section 301 application to foreign unjustifiable or unreasonable tariff or other import restrictions which burden, discriminate against, or restrict U.S. commerce or supply access, and to expand its scope to cover enforcement of U.S. rights under the GATT articles generally and redress against violations by foreign signatories of U.S. rights under the agreements concluded in the MTN. Existing provisions under section 301 specifically relating to subsidies should be made consistent with the subsidy/countervail code and its implementing legislation.

The Subcommittee agreed to establish a central location within the U.S. Government where private parties may obtain information on foreign government practices adversely affecting U.S. commerce, U.S. rights under the GATT, domestic and international proceedings underway, and remedies available, both with respect to the GATT articles generally and the agreements concluded in the MTN.

The Subcommittee agreed to eliminate section 302 authorizing Congressional disapproval within 90 days after a report from the President of a retaliatory action taken under section 301 with respect to any country other than the country causing such action (i.e., action on MFN rather than selective basis).

The Subcommittee agreed to adopt the following procedural requirements and time limits for complaints filed under section 301:

a. Filing - An interested party may file a complaint with STR.

b. Initiation of procedures - STR must respond to the complaint within 45 days by either beginning a formal section 301 proceeding, or by publishing the substantive reasons why it will not pursue the complaint.

c. Hearings - If requested by petitioner, STR shall hold hearings within 30 days of acceptance of the complaint or on a mutually agreeable date to the petitioner thereafter.

d. On initiation of the formal proceedings (within 45 days of receipt) STR must also begin international consultations and, if necessary, proceed with formal dispute settlement.

e. The STR must recommend to the President whether he should take action domestically (e.g. impose offsetting import restrictions),

- within 7 months (for export subsidy case) or 8 months (for any other subsidy case) after deciding to begin a formal proceeding.

- in all other cases, within 30 days of the time limits specified in the relevant international dispute settlement mechanism for decision, otherwise within a "reasonable time".

f. Within 21 days after receipt of the STR's recommendation, the President must decide his proposed course of action. His decision and reasons therefor must be published.

g. Reports; Consultation

- Semi-annual report to Congress on status of each case, action taken, reasons for no action by President

- Notify petitioner of developments in case, including reasons for any undue delays.

- Private sector should be involved in preparation of international complaint against foreign violations and should be consulted as appropriate for defense of complaints brought against U.S. for code violations.

IMPORT RELIEF SECTIONS 201-203, TRADE ACT OF 1974

The Subcommittee agreed to reduce the time limit from 6 months to 4 months for an investigation and determinations by the International Trade Commission (ITC) of whether increased imports are a substantial cause of serious injury or threat thereof to the domestic industry. The ITC may extend this time limit for reporting its findings to the President by up to 2 additional months if it publishes a notice in the Federal Register stating reasons why the case cannot be reasonably completed within 4 months.

The time limits for a supplemental report from the ITC are reduced from 15 to 10 days for a Presidential request, 20 rather than 30 days for the ITC response. The President must make his determination on whether and in what form to provide import relief within 45 days rather than 60 days after receiving the ITC report (30 days after a supplemental report).

The Subcommittee also agreed to amendments of section 203 to clarify that the reporting requirement by the President refers only to his initial import relief action for purposes of triggering a Congressional override, to permit negotiation of further orderly marketing agreements (OMAs) if an initial IMA does not continue to be effective, and to clarify that restrictions on imports from non-parties to an OMA accounting for a major part of U.S. imports of an article must be measures authorized under section 203(a).

AGRICULTURAL ISSUES IN THE MTN

Commodity Agreements

The Subcommittee agreed that the U.S. shall participate in (1) the International Dairy Arrangement and (2) the International Meat Arrangement, and the United States shall seek private sector advice from representatives of relevant groups prior to the semi-annual meetings, at such other times as are appropriate, and shall, to the extent feasible, encourage the attendance of private sector advisors as part of the United States delegations to the meetings of the above international organizations. The Subcommittee noted that negotiations will be continued later this year on a possible Multilateral Agricultural Framework (the so-called "Cathedral").

Cheese Quotas

The Subcommittee agreed to approve the new cheese quota agreement, which provides that the U.S. will place all cheese imports (including pricebreak cheese) under quota, except sheep and goats milk cheeses, cheeses such as Bryndza, Gammelost, Nakkelost, and Goya, and soft cured cheeses (like Camembert and Brie) packaged for retail. The legislation will direct the President to impose quotas through a Proclamation under Section 22 of the Agricultural Adjustment Act. Hearings and findings and recommendations by the USITC would be waived by the legislation, which would stipulate that the Congress itself finds that the criteria of Section 22 have been met, and that the quotas are necessary to carry out an international agreement.

Any future changes in the level of U.S. cheese quotas shall be made under existing section 22 procedures, except that (unless there are extraordinary circumstances) the emergency 22 procedures (whereby the quota is adjusted prior to public hearings and recommendation by the ITC) shall not be used prior to 1983.

Only within quota would countries be permitted to resume subsidies, subject to a commitment not to undercut U.S. domestic cheese prices. Any subsidies applied not in accordance with such a commitment would be subject to countervailing action, either off-setting fees or prohibition of entry.

Specifically*, regarding the remedy to subsidized price undercutting: - Under the cheese agreement, foreign countries would be permitted to subsidize cheese exports within quota limitations so long as the export price does not undercut domestic wholesale cheese prices. The Committee agreed to recommend the remedy described below to enforce this provision.

At the beginning of each year, the Secretary of the Treasury, after consulting with the Secretary of Agriculture, would determine the existence and value of foreign Government subsidies on cheeses subject to quotas. The Secretary of Agriculture would continuously monitor foreign subsidy practices affecting such cheeses. Upon request, the Secretary of the Treasury would determine the existence and value of a subsidy within 30 days.

Upon receipt of an allegation that subsidized quota cheese is entering at prices below the domestic wholesale price for similar products, the Secretary of Agriculture would determine whether the allegation is correct within 30 days. If it is, the Secretary shall notify the relevant foreign country.

If the subsidized price undercutting is not eliminated within 15 days, then the President would, within 7 days, impose a fee or quota on the imports. If the President concludes the Secretary has erred as to the facts, he may require the Secretary to review the case for an additional 7 days; if after the review the Secretary concludes he has not erred as to the facts, then the President would impose a fee or quota on the imports. The President would impose:

(1) a fee in an amount necessary to assure the import will not enter at a price below the market price for U.S. cheese, but not greater than the amount of subsidy, or

(2) a quota or prohibition on entry of the cheese.

The Committee understands that the legislation would exempt, while the cheese agreement is in effect, cheeses under quotas from the provisions of the Subsidies and Countervailing Duties Code, and would provide a continuation of the waiver of cheese countervailing duties between their expiration on September 30, 1979 and the start of the new system, January 1, 1980.

The implementing bill will authorize the President to proclaim under Section 22 (with hearings, etc., waived) a new 2,000 metric ton quota for Australia for chocolate crumb.

Changes in Meat Imports

The Committee notes that in exchange for increased market access for U.S. high quality beef into the European market, the U.S. will administratively provide a 5,000 metric ton beef access for Ireland within the existing quota levels of the Meat Import Quota Act of 1964.

*The following language is identical to that adopted by the Senate Finance Committee on April 4, 1979.

The Administration has agreed to reduce the duty on high-quality portion control cuts from 10 percent to 4 percent. This reduction will be implemented under the President's authority in section 101 of the Trade Act. The Committee agreed to the Administration's recommendation that imports of high-quality portion control cuts of beef be removed from item 107.60 of the Tariff Schedules of the United States (TSUS) and put under a new TSUS item. The Meat Import Act would be amended to include within the meat quota imports under the new TSUS item.

The Meat Import Quota Act will also be amended to include a separate tariff line item for goat meat (this has no change in the practical operation of the law which now covers goat meat in the same TSUS line as meat of sheep)..

As part of the MTN negotiations, the Administration has given assurances of a minimum global access to the U.S. market of 1.2 billion pounds. The Subcommittee is informed by the Administration that this has no practical effect, since the operation of the formula in the Meat Import Quota Act of 1964 assures that imports will be above (often substantially) the 1.2 billion level. The Committee recommends that the 1.2 billion pound global access commitment be enacted in the Meat Import Act to clarify that existing law does not permit an adjustment to quotas established under the law for the purpose of complying with this or any other access commitment.

Other Tariff Changes

The U.S. has agreed to a larger than statutorially-permitted tariff reduction in Yellow Dent (Indian) corn. This tariff reduction, from 25¢ to 5¢ per bushel, will require reference in the legislation, and is part of a tariff harmonization agreement with Canada.

PROPOSED REORGANIZATION

The Subcommittee agreed that with respect to the effective implementation of the Act and to achieve better leadership, coordination and effectiveness in trade policy development and implementation, provisions in the implementing bill should require the following:

A. The Administration shall review all of the trade functions of the Executive Branch and, in light of this review, propose to the Congress, within 60 days after the date of enactment of this Act, what the most effective structure would be to carry these functions out and to attract the most experienced personnel.

B. The functions of Departments and agencies to be reviewed shall include all functions of the Office of the Special Trade Representative and agency responsibilities under the Trade Act of 1974 and 1979, the customs service and the countervailing duties and antidumping functions of the Department of the Treasury, the functions of the Department of State relating to commercial attaches and the negotiation of commercial trade and commodity agreements and U.S. government participation in all international trade organizations, the export promotion and control, foreign investment, trade intelligence analysis and reporting, and industry sector policy functions of the Department of Commerce, the Foreign Agricultural Service in USDA, functions in various Departments resp sible for East-West trade policy, all functions of the International Trade Commission, OPIC and the Export-Import Bank.

C. Among the possible structures which might be considered are strengthened coordination and functional responsibilities of the Office of the Special Trade Representative, a Board of Trade with a coordinating mechanism in the Executive Office of the President, and a Department of International Trade and Investment. The recommendations should include a monitoring and enforcement structure which would ensure protection of U.S. rights under the MTN codes and all other elements of multilateral and bilateral trade agreements. The proposal should include an upgrading of commercial programs in Foreign Service posts to assure that U.S. trading partners are meeting their trade agreement obligations, particularly those under the MTN codes, including the tendering procedures of the Government Procurement Code.

D. The review should also include recommendations on the promotion of U.S. exports generally and the disincentives to exports created by the programs and activities or regulatory agencies.

E. On or before January 15, 1980, the President shall submit to the Congress a study of the factors bearing on the competitive posture of U.S. producers and the policies and programs required to strengthen the relative competitive position of the United States in world markets.

DECISION RELATING TO GENERALIZED SYSTEM OF PREFERENCES (GSP)

The Subcommittee agreed to amendments proposed by the Administration in the GSP provisions under Title V of the Trade Act of 1974 to:

1. Authorize the President to maintain or redesignate products from particular countries for GSP which exceed the competitive need limitation of 50% of total U.S. imports of the product in the previous year, if total imports are below a de minimis level of $1 million (adjusted annually to reflect changes in the GNP).

2. Broaden the free-trade area/customs union provisions by a) redefining associations of countries which may be designated as a single GSP beneficiary to include associations contributing to comprehensive regional economic integration among their members; b) permitting application of the competitive need ceilings to the individual member countries of an association rather than to the association as a whole; and c) reducing the minimum value-added requirement for imports from associations to qualify for GSP from 50% to 35%.

In addition, the report on the bill will direct the President to exercise existing authority under Title V to increase the "graduation" by country and product of more advanced developing countries with major export industries, and to provide greater benefit distribution to lesser developed countries. The report will also include criteria and principles to serve as guidelines for expecting greater assumption of obligations of the world trading system by developing countries as they become more developed overall and by product sector.

Finally, the Subcommittee agreed to amend the exclusion of OPEC member countries under section 502(b) to allow extension of GSP to Venezuela, Ecuador, and Indonesia if they enter into bilateral product specific trade agreements with the United States in the MTN.

EFFECTIVE DATES OF INTERNATIONAL CODES

The impementing legislation should provide that each code will enter into force when signatories have accepted them, that is, when the signatories have completed their constitutional processes, and that the codes shall not enter into force until the President ascertains that the requirements of section 126 of the Trade Act of 1974 have been met (relating to the determination of the President as to whether any major industrial countries have made concessions in the negotiations providing substantially equivalent competitive opportunities to those provided by the United States).

RELATIONSHIP OF INTERNATIONAL CODES TO DOMESTIC LEGISLATION

With respect to the effect of the adoptions of the codes in domestic law it was the consensus of the Subcommittee that the codes are not domestic law. They should have effect only insofar as they are implemented in domestic legislation. The Executive may issue regulations to conform U.S. procedures with code requirements but only if such regulations are consistent with domestic legislation. The Executive must submit proposed legislation to Congress if it believes that a change in U.S. legislation is required to conform to the codes or to carry out the result of a dispute settlement procedure pursuant to the codes.

The fast track procedures of the Trade Act of 1974 would apply to any such legislation.

CONGRESSIONAL ADVISORY PROCESS

Congress should reaffirm the congressional advisory process with respect to United States Government participation in the international conferences, meetings, and negotiating sessions relating to the U.S. trade agreements program. In particular, this process shall apply to the activities under the international codes negotiated in the Multilateral Trade Negotiations (Tokyo Round) and further negotiations under the extension of the negotiating authority in the implementing legislation.

DECISION RELATING TO SPECIAL TRADE REPRESENTATIVE CHARTER

The Subcommittee agreed to amend section 141(b) of the Trade Act of 1974 and section 242 of the Trade Expansion Act of 1962 relating to responsibilities of the Special Trade Representative and the Interagency Trade Organization, respectively, to reflect new responsibilities for domestic administration and international procedures on the new codes of international conduct.

U.S.-GATT REPRESENTATION

It was agreed that a deputy special trade representative should be the United States representative to the GATT and be provided with sufficient resources to represent the United States on all matters relating to the operation of the GATT and the international codes pertaining thereto.

GATT INTERNATIONAL TAX CONFERENCE

The Subcommittee decided to include in the report on the MTN implementing legislation an expression of the sense of the Congress that an international conference to consider tax subsidies be held under the auspices of the GATT after the ratification of the Multilateral Trade Agreements.

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